

BROKER REWARDS

2021 Broker Incentive Program Stop-Loss

Thank you for the vital contribution you make to our Stop-Loss business. Deliver outstanding results, and we'll reward you for it.

New Sales Award

To be eligible for this award, you must generate at least \$750,000 of annualized premium in new Stop-Loss sales during the 2021 Production Year.

Refer to the **Definitions** section at the end of this document for an explanation of capitalized terms.

New Sales Annualized Premium	Award Rate
\$750,000–\$999,999	1.00%
\$1,000,000–\$2,499,999	2.00%
\$2,500,000–\$4,999,999	3.00%
\$5,000,000+	4.00%

Block Management Award

To be eligible for this award, you must have a Stop-Loss premium Persistency of 75.00% or more measured as of January 2, 2021, and January 1, 2022. The award is determined as follows:

Beginning BIF	Persistency Threshold & Award Rate	
	75.00%–84.99%	85%+
\$2,500,000–\$4,499,999	0.75%	1.50%
\$4,500,000–7,499,999	1.25%	2.00%
\$7,500,000+	2.00%	3.00%

Calculating the New Sales Award

The award amount is calculated based upon new annualized Stop-Loss premium, multiplied by the corresponding award rate, subject to the premium cap.

$$\text{New Sales Award} = (\text{New sales} + \text{Additional Business annualized premium}) \times \text{award rate percentage}$$

New Sales Award example

New sales and Additional Business during 2021 Production Year: \$1,800,000

- Two policies sold: one generating annualized premium of \$1,600,000 and the other \$200,000. The premium cap of \$1,500,000 is applied to the \$1,600,000 policy.
- No Additional Business is sold.

New Sales Award: \$1,700,000 x 2.0% = \$34,000

Calculating the Block Management Award

The award amount is the award rate percentage multiplied by the premium generated by the block as of January 2, 2021, that remains in force as of January 1, 2022 (“BIF”), subject to the premium cap.

$$\text{Block Management Award} = \text{BIF} \times \text{award rate percentage}$$

Subject to any premium cap.

Block Management Award example

Beginning BIF: \$6,000,000

Persistency: 80%

Block includes an in force policy of \$1,800,000 (premium cap of \$1,500,000 applied)

Policy cancellations as of January 1, 2022, total \$1,200,000 in premium

Beginning BIF	\$6,000,000
Policy cancellations	(\$1,200,000)
	= \$4,800,000
Premium cap adjustment	(\$300,000)
Block Management Award premium	= \$4,500,000
Block Management Award	\$4,500,000 x 1.25% = \$56,250

New Sales Award and Block Management Award details¹

- New sales annualized premium is considered to be generated during the 2021 Production Year, if Sun Life (1) receives the application for Stop-Loss coverage or a Benefit Confirmation email for the coverage in good order (as determined by Sun Life) by December 31, 2021, (2) completes its risk approval review and approves the coverage on or before January 31, 2022, and (3) the effective date of the Stop-Loss policy is March 1, 2022, or earlier.
- Premium generated by Additional Business counts toward new sales annualized premium requirement if the Additional Business does at least one of the following:
 - Extends coverage to the policyholder's affiliated or subsidiary companies not previously covered under the policy.
 - Covers new classes of employees not insured under the policy.
- Premium cap: A \$1,500,000 premium cap is applied to the New Sales and Block Management Awards as follows:
 - The premium cap does not apply to the annualized premium used to determine the eligibility for either award.
 - The premium cap is applied to the calculation of the award amount such that the maximum annualized premium amount that will be counted toward the award for any one policy is \$1,500,000 not withstanding the actual premium generated by the policy.
- Inforce policies that terminate during 2021 Production Year due to a policyholder bankruptcy, merger or acquisition will not be included in the Block Management Award calculation if documentation is provided to Sun Life that demonstrates that the bankruptcy, merger or acquisition occurred during the 2021 Production Year.

Broker of Record (BOR) changes²

For new policies with an effective date on or after January 2, 2021:

- If a broker adds a policy during the 2021 Production Year and the policy is transferred to another broker because of a BOR change, and the policy remains with Sun Life throughout the 2021 Production Year, the original broker will be credited with the new business in the 2021 Production Year. The policy will be added to the new broker's block of business on January 2, 2022.
- If a broker adds a new policy during the 2021 Production Year and the policy is transferred to another broker because of a BOR change, and the policy terminates prior to the end of the 2021 Production Year, no broker will receive credit for it.

1. Sun Life Stop-Loss business issued or transferred under any captive program is excluded from any and all Sun Life incentive, bonus or override programs.

2. These rules also apply to General Agent changes.

For policies with an effective date prior to January 2, 2021:

- If, prior to January 1, 2022, a broker loses a policy because of a BOR change to another broker, the policy will be removed from, and not considered part of, the original broker's 2021 Beginning BIF.
- If, prior to January 1, 2022, a broker adds a policy to their block of business because of a BOR change, Sun Life will add the policy to the new broker's 2021 Beginning BIF.
- Policy cancellations that are effective on or prior to the date of a BOR change will be counted as part of the persistency calculation for the broker who was the BOR on the effective date of the policy cancellations (as determined by Sun Life).

Definitions

"2021 Production Year" means the period beginning January 2, 2021, through and including January 1, 2022.

"Additional Business" means additional premium generated by increasing the insurance provided under an existing Stop-Loss policy, and other policy related events and/or circumstances that Sun Life, in its sole discretion, considers to be Additional Business.

"Beginning BIF" means the amount of annualized premium generated by the Stop-Loss policies in your in force block of business with Sun Life as of January 2, 2021, as adjusted for broker of record changes that occur during the 2021 Production Year in accordance the "Broker of Record (BOR) changes" section. Any policy that qualified as a new sale under the 2020 Stop-Loss Broker Incentive Program will be considered part of your in force block as of January 2, 2021.

"Persistency" means a percentage calculation of the annualized premium generated by the Stop-Loss policies that were part of your in force block as of January 2, 2021, that remains in your block as of January 1, 2022, divided by the annualized premium generated by the policies that were part of your in force block as of January 2, 2021.

Important Notice

The 2021 Broker Incentive Program is subject to change without advance notice. All decisions regarding the administration of the Program and the payment of any award are made by Sun Life and are final.

To learn more, call your local Sun Life Stop-Loss Sales Specialist.

The 2021 Broker Incentive Program is subject to state approvals and regulatory requirements. For New York-issued policies, producers must comply with the specific compensation requirements of New York Regulation 194.

If a broker is eligible for another bonus program offered through Sun Life with respect to Stop-Loss products, they are not eligible for this standard incentive program.

If a broker earns an award and owes any Sun Life company, any amount of money, the amount of the award will be reduced by the amount owed by the broker.

Brokers must be properly licensed to sell insurance and be appointed with Sun Life and Health Insurance Company (U.S.), or Sun Life Assurance Company of Canada.

We encourage brokers and their clients to discuss what commissions or other compensation may be paid in connection with the purchase of our products and services. To ensure accurate and timely commission payments, the policyholder is required to submit a completed premium statement with payment on or before the premium due date each month. To speed processing, we encourage the policyholder to write the group policy number on the check.

Stop-Loss insurance policies are underwritten by Sun Life and Health Insurance Company (U.S.) (Lansing, MI) in New York and by Sun Life Assurance Company of Canada (Wellesley Hills, MA) in all other states.

Product offerings may not be available in all states and may vary depending on state laws and regulations.

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